

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

515.221.3000 *telephone*
800.860.6180 *toll-free*
515.221.3010 *facsimile*
1500 NW 118th Street
Des Moines, IA 50325
IowaCreditUnions.com

Sent electronically to: regcomments@ncua.gov
Re: RIN. 3133-AE49

July 6, 2015

Dear Mr. Poliquin:

On behalf of the credit unions in the state of Iowa, I appreciate the opportunity to comment on the National Credit Union Administration (NCUA) proposal to amend the share insurance regulations in order to implement statutory amendments to the Federal Credit Union Act (FCU Act) resulting from the enactment of the Credit Union Share Insurance Fund Parity Act (Insurance Parity Act). The Iowa Credit Union League (ICUL) is the non-profit trade association that represents the interests of Iowa credit unions and their over one million members. ICUL supports the adoption of the statutory definition for "pass-through share insurance" and the NCUA's proposed definition for "other similar escrow accounts," both of which will allow Iowa credit unions to provide additional services to their members. However, ICUL is concerned that the NCUA did not take this rulemaking opportunity to extend pass-through share insurance coverage to prepaid card programs.

ICUL agrees with the NCUA's adoption of the definition for "pass-through share insurance," as defined under the Insurance Parity Act, with respect to Interest on Lawyers Trust Accounts (IOLTA) and other similar escrow accounts. Prior to the proposed adoption of the statutory definition, Iowa credit unions have been limited to offering IOLTAs when both the attorney and client were members of the credit union. ICUL supports the adoption of the expanded coverage definition for IOLTAs and other similar escrow accounts because it acknowledges that the true owners of the funds are the clients and principals. As such, the coverage will be based on the interest of each person on whose behalf funds are held by the administering attorney or escrow agent. The adoption of this definition will substantially increase the number of IOLTAs and other similar escrow accounts Iowa credit unions will be able to offer their members and communities.

ICUL supports the NCUA's proposal to define "other similar escrow accounts" as accounts where a licensed professional or other individual, serving in a fiduciary capacity holds funds for the benefit of a client as part of a transaction or business relationship. Defining characteristics which are akin to IOLTAs will reduce the need for a case-by-case analysis to determine if an escrow account is similar enough to receive pass-through share insurance coverage. Defining other similar escrow account characteristics and providing examples, such as realtor and prepaid funeral accounts will provide Iowa credit unions with clarity and direction when offering pass-through share insurance accounts to their members. Furthermore, this direction will reduce operational uncertainty and potential inefficiencies for credit unions offering these accounts.

Nevertheless, ICUL is concerned that the NCUA did not extend pass-through share insurance coverage to prepaid card programs. Thus, ICUL requests the NCUA revisit the insurability of prepaid card programs under other similar escrow accounts and pass-through share insurance. Iowa credit unions are currently at a competitive disadvantage to banks which can provide pass-through share insurance coverage for prepaid card programs. Prepaid card programs which accept Federal Government payments such as tax refunds, social security and disability payments require pass-through insurance, therefore excluding credit unions from offering these programs. Account funds from prepaid card programs are commonly held in pooled custodial accounts, which have a similar structure as a fiduciary account. ICUL requests the NCUA review the pass-through share insurance

coverage of pooled custodial accounts for prepaid card programs, which are sufficiently similar to IOLTAs, realtor and prepaid funeral accounts.

ICUL appreciates the NCUA's ongoing efforts to provide credit unions with regulatory clarification, direction, and opportunities to provide additional services. The ability to offer additional IOLTAs and other similar escrow accounts will allow Iowa credit unions to better serve their members and communities. However, ICUL requests the NCUA provide credit unions with parity to banking institutions, which are currently able to insure prepaid card programs. ICUL encourages the NCUA to continue explore opportunities to reduce inefficiencies and regulatory uncertainty, while increasing service opportunities for all credit unions in future rulemaking.

Sincerely,

A handwritten signature in black ink, reading "Patrick S. Jury". The signature is fluid and cursive, with the first name "Patrick" and last name "Jury" clearly legible.

Patrick S. Jury
CEO/President
Iowa Credit Union League



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